

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05

TRSE-00 SS-15 STR-05 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 /091 W

-----104521 101007Z /21

P 100905Z JAN 78

FM AMEMBASSY SANA

TO SECSTATE WASHDC PRIORITY 3482

UNCLAS SANA 0156

FOR BODINE IN NEA/ARP

E.O. 11652: NA

TAGS: BTIO, EMIN, YE

SUBJECT: CEMENT PLANT PROJECT

1. AEROMARITIME HAS MADE OFFER HEREOF USED U.S. CEMENT PLANT. THEY SAY PLANT CAN GO INTO OPERATION IN 18 MONTHS AT APPROXIMATELY ONE-FOURTH THE COST OF NEW EQUIPMENT, WHICH WOULD TAKE SEVERAL YEARS TO INSTALL IN YEMEN.

CONGEN, ALONG WITH CERTAIN YEMENI OFFICIALS, HAVE BEEN HESITANT ABOUT USED EQUIPMENT, WE HAVE PRESSED OUR CONTACTS IN CABINET TO LOOK INTO THE MATTER AND GET AN IN DEPTH CONSULTANT'S OPINION ON THE EQUIPMENT AND ON THE MANAGEMENT, WHICH IS OFFERED AS PART OF THE DEAL ? (MANAGEMENT OFFERING JOINT VENTURE, EQUIPMENT GUARANTEE.) IN THE COURSE OF NORMAL CONTACTS INVOLVING OTHER SUBJECTS, WE HAVE RAISED THE SUBJECT OF THIS PLANT AND FURTHER YEMENI INVESTIGATION WITH THE PRIME MINISTER, DEPUTY PRIME MINISTER, MINISTER OF DEVELOPMENT, THE MINISTER AND DEPUTY MINISTER OF ECONOMY AND SEVERAL OTHERS.

2. VENDER IN US NOW PUSHING FOR SOME EXPRESSION

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OF INTEREST DIRECTLY FROM GOVERNMENT BUT WILL APPARENTLY ACCEPT STATUS REPORT FROM EMBASSY AS QUASI-OFFICIAL CONFIRMATION OF YEMENI INTEREST. CARTWRIGHT-BROWN WILL THEREFORE CONTACT DESK IN CONNECTION WITH THIS CABLE.

3. AS A RESULT OF EMBASSY AND AEROMARITIME

EFFORTS, YARG HAS APPOINTED DEPUTY MINISTER OF ECONOMY AND DEPUTY CHIEF OF CENTRAL PLANNING OFFICE TO INVESTIGATE OFFER OF SALE OF USED CEMENT PLANT. THIS REPRESENTS, IN OUR VIEW, REFLECTION OF ACTIVE INTEREST BY YARG AND WILL APPARENTLY INCLUDE RETENTION OF US CONSULTANT TO MAKE ON-THE-SPOT INVESTIGATION OF EQUIPMENT AND MANAGEMENT IN US. YARG HAS ALSO ASKED EMBASSY FOR POSSIBILITIES OF EXIM OR OTHER FINANCING FOR EXPORT OF THIS EQUIPMENT.

4. WHILE YEMENI GOVERNMENT NOW ACTIVELY PURSUING THIS PROJECT, WE CANNOT PREDICT EARLY AND FAVORABLE DECISION. WE DO NOT BELIEVE FINANCING IS MAJOR PROBLEM FOR THIS GOVERNMENT, BUT THERE IS RELUCTANCE TO BUY USED EQUIPMENT AND YEMENIS HAVE TALKED ABOUT DESIRABILITY OF FURTHER FEASIBILITY STUDIES AND LIMESTONE ASSAYS. HOWEVER, IF CONSULTANT REPORT IS FAVORABLE, YARG MIGHT BE AMENABLE TO SIGNING LETTER OF INTENT SUBJECT TO FURTHER INVESTIGATION OF SITING AND FINANCING. IMPOSSIBLE TO SEE HOW THIS COULD OCCUR IN LESS THAN MONTH OR SIX WEEKS.

5. APPOINTMENT OF VERY CAPABLE ALI AL-BAHR AND ANWAR AL-HARAZI TO YARG SPECIAL COMMITTEE ASSURES THIS PROJECT A FAIR, FULL AND, WE HOPE, QUICK REVIEW.  
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6. REQUEST BODINE BACKUP AEROMARITIME INQUIRIES AT EXIM AND OPIC CONCERNING POSSIBILITIES OF GUARANTEES OF LOANS FOR THIS PROJECT. IN MEANTIME, WE WILL CONTINUE PUSHING FROM OUR SIDE.  
SCOTES

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CEMENT, CEMENTS  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Review Markings:**  
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